

INDEPENDENT TELEPHONE & TELECOMMUNICATIONS ALLIANCE  
**PROPER COMPENSATION AND SUPPORT FOR NETWORKS  
SERVING RURAL AMERICA**

*Developing a Unified Intercarrier Compensation Regime*

*Proper Routing and Compensation for Termination of Telecommunications Traffic*

CC Docket No. 01-92

*Federal-State Joint Board for Universal Service*

CC Docket No. 96-45, WC Docket No. 05-337

**October 23, 2008**

# ITTA ICC Overview

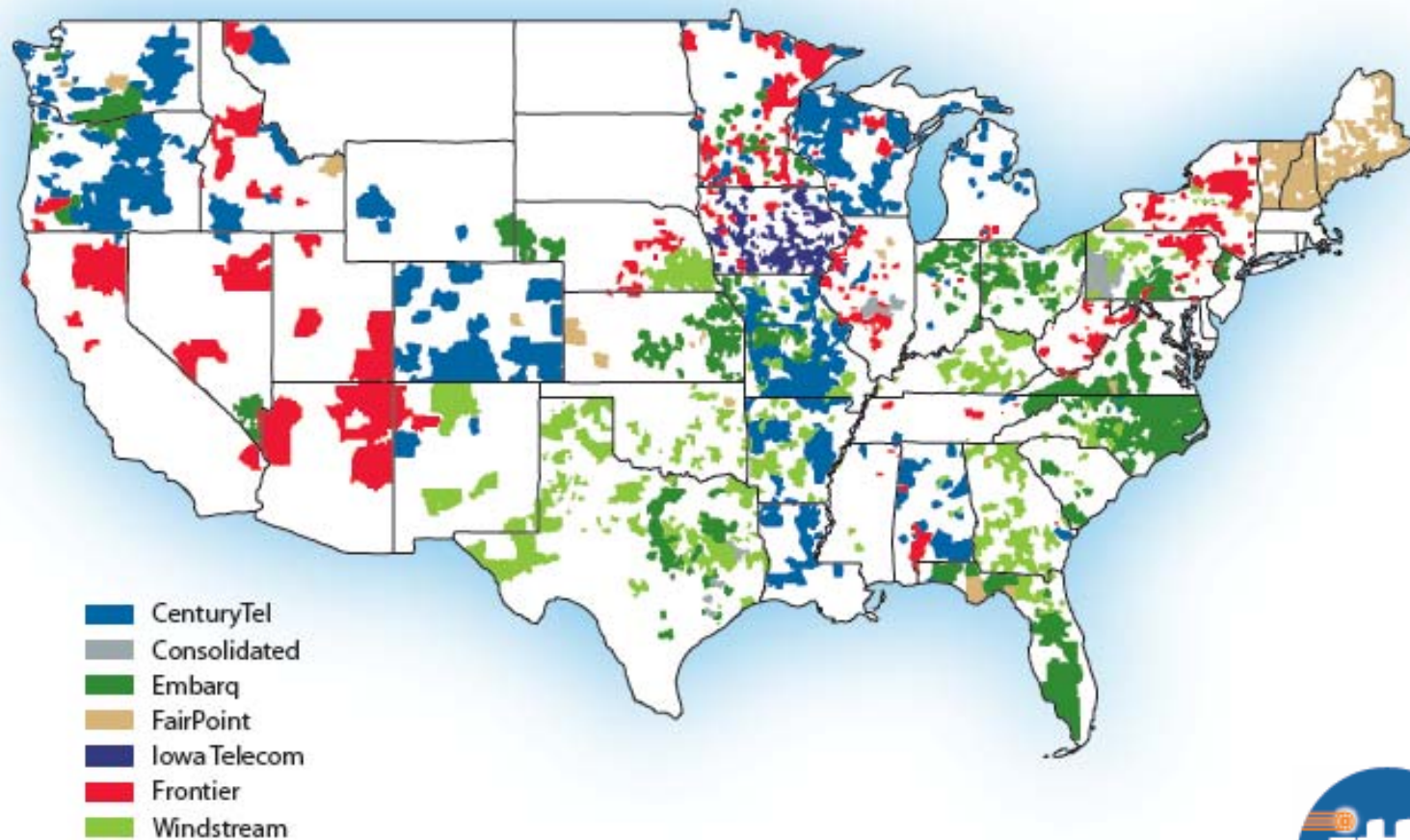
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- Tracks carriers according to needs
- Cost-based
- Distributes responsibility equitably
  - ▣ Carriers
  - ▣ End-users
    - SLC increases
    - Benchmarks
- Fortifies ability of COLRs to provide affordable service and deploy in rural America networks that are the foundation of broadband and wireless services



# Sample ITTA Price Cap Overview

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# ICC Revenues

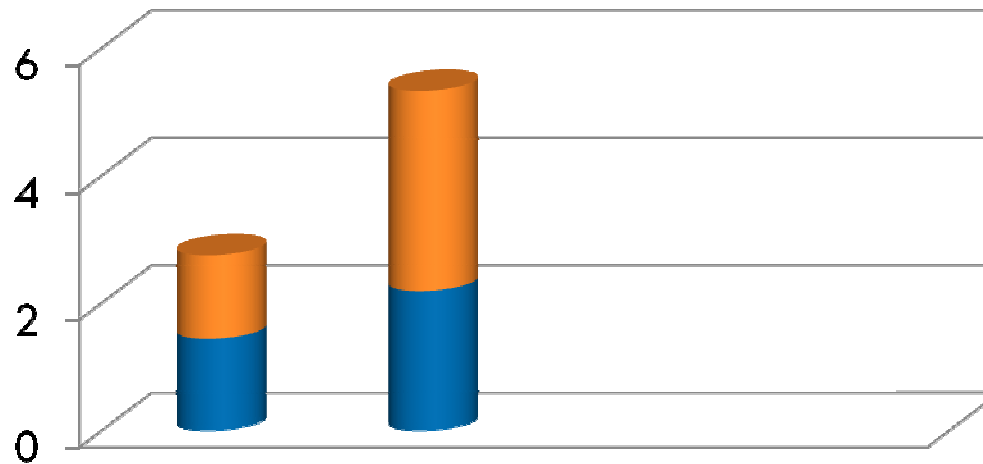
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**Of 13.26 million ITTA lines surveyed, ICC accounts for an average of 12.26 percent of company revenues**



# Sample ITTA Impact of \$0.0007 vs \$0.0095

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Company A

With \$2.25 SLC increase and \$20.76 benchmark, the ITTA \$0.0095 yields an ARM of \$1.44 per line; a terminating rate of \$0.0007 requires an ARM of \$2.75 per line

Company B

With \$2.25 SLC increase and \$20.76 benchmark, the ITTA \$0.0095 yields an ARM of \$2.19 per line; a terminating rate of \$0.0007 requires an ARM of \$5.33 per line



# Sample Impacts of \$0.0007

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- For 14.1 million ITTA lines, \$0.0007 yields a \$618.4 million revenue reduction
- For ITTA members collectively serving 13.12 million lines, the average monthly per line impact is \$4.33
- Survey methodology: ITTA collected discrete data sets from member companies. Common data sets were aggregated and/or averaged. Extrapolations were not undertaken.



# Alternatives

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- Avoid
  - ▣ Reduced access revenues without an appropriate ARM that will increase end-user rates unduly
  - ▣ Inadequate cost recovery that discourages investment
  - ▣ Carve-outs that permit identical USF support
- Applaud
  - ▣ Contribution reform
- Adopt
  - ▣ Phantom traffic rules



# About ITTA

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ITTA members are mid-size local exchange carriers that provide a broad range of high-quality wireline and wireless voice, data, Internet, and video services to 30 million customers in 45 states

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